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CHAPTER I

INTRODUCTION

The Intelligence Problem in the United States.

Before considering the adequacy and effectiveness of the work of the Central Intelligence Agency (CIA) and its relations to our other intelligence agencies, a brief word of background may be helpful.

Though the CIA is largely an outgrowth of our experience in World War II, it would be wrong to proceed from the premise that prior to the war our Government had operated without intelligence as to the capabilities and intentions of possible enemies or prospective allies. The Department of State had long maintained a widespread information gathering service. The Army, the Navy and certain other departments of government had maintained their own systems of collecting information and producing intelligence.

Prior to World War II, however, we had no integrated secret intelligence service. We had not adequately exploited the available sources of overt intelligence. We had no central agency to coordinate intelligence collection and production, and to assemble the best available intelligence for expression in national estimates to guide in the formulation of foreign policy and the preparation of our defense plans.

In World Wars I and II our European Allies, Great Britain in particular, had placed the product of their intelligence services largely at our disposal. While we can expect in the future assistance from the intelligence services of friends and allies, we have rightly concluded that we should not depend on them for our intelligence to the extent we were forced to do in World War I and during the early days of World War II.

It was World War II which showed both our deficiencies in intelligence and also what we could accomplish under pressure. Through the expansion of the facilities of the State Department and the military services, through the Office of Strategic Services - our first move towards a central intelligence agency - through enlisting the best personnel that could be found, in and out of Government service, we were turning out a very creditable performance in many phases of intelligence work well before the end of the war.

We now recognize that if we are to have adequate intelligence in times of crisis, we must prepare in time of peace, and we have seriously turned to the task of building up a central intelligence organization. The country has now accepted the verdict, even if somewhat reluctantly, that peace-time intelligence is essential to security and, as many of our military leaders have said, our first line of defense. We are beginning to get over our suspicions of intelligence and our tendency to confuse it with intrigue and the more lurid

side of espionage. We are beginning to accept it as serious and honorable work and essential to our defense.

It is well to recognize, however, that an efficient intelligence organization cannot be built overnight.

It will require years of patient work to provide skilled personnel to do the job. Blueprints and organization charts, even legislation and ample appropriations will not take the place of competent and highly trained men and women. Without them we shall have neither effective intelligence operations nor sound intelligence estimates. Unfortunately, in the difficult organizational period since the war the future of intelligence as a career has seemed so uncertain that many war-trained and competent men have left the service and it has been particularly difficult to find recruits to take their place.

As against these debit items we could cite a long list of highly favorable factors. America has the potential resources, human and material, for the best intelligence service in the world. Within our borders we have every race and nationality, loyal sons speaking every language, travelling and resident in every foreign country. We have the greatest reservoir of scientific and technical skills. We have important allies abroad who are ready to join their knowledge to ours and to give us the benefit of their years of experience in intelligence. We have a wide geographical base for the development of intelligence

work. And finally, in dealing with our main intelligence targets which today are behind the Iron Curtain, we have one great advantage, proven in history; namely, that in intelligence work, which requires a high degree of individual initiative, skill and ingenuity, free men are vastly more effective than those working for a slave system.

These are some of our great assets; our problem is to mobilize them.

There are real elements of urgency in seeing that this task is accomplished.

(1) America today, as never before in time of peace, is vulnerable to sudden and possibly devastating attack. To meet an initial attack there are no sure military weapons of defense and it may well be that our best protection lies in adequate advance knowledge of the character and timing of the danger.

(2) A vast area of the world stretching from the Elbe River in Germany to the Yangtse in China is largely behind an iron curtain where the normal sources of information are partially or wholly lacking. The techniques of an intelligence service ought to be one of the important means of penetrating this iron curtain.

(3) A whole new area of knowledge in the field of science has become vital for our defense. This field cuts across the functions of various Government departments and presents new

problems from the viewpoint of intelligence collection and coordination.

(4) The far-flung activities of the fifth column, both here and abroad, present a new type of threat to our security and we require a concerted intelligence program to counter this danger.

These are only a few of the developments which give to intelligence an importance in our defense system which it has never had in the past in time of peace. Fortunately, these facts are now becoming well understood, and the Administration, the Congress and the people share with deadly seriousness the determination that the United States here and now shall build the best intelligence service that our national genius and our great resources can provide.

CHAPTER XIII

CONCLUSION

At the outset of this report we gave a brief summary and at the various chapter endings we have added the precise conclusions which were applicable to the subject matter of the chapter. It seems unnecessary to repeat our conclusions here.

We have been critical of the direction and administration of CIA where we felt that there had been failures to carry out its basic charter. At no time, however, have we overlooked the great difficulties facing a relatively new and untried organization which was viewed with some suspicion and distrust even by those whom it should serve. We believe that some measure of this suspicion and distrust is being dissipated and that what is needed today is for CIA to prove that it can and will carry out its assigned duties.

CIA's progress in doing this should be continuously tested by the NSC against the standards set in the legislation which constituted it, that is to say, CIA should be prepared to show what is being accomplished:

(1) To coordinate the intelligence activities of the Government;

(2) To provide, in close collaboration with other governmental intelligence agencies, national estimates for the guidance of policy; and

(3) To carry forward the intelligence and related service of common concern assigned to it by the NSC.

In these fields the CIA has the duty to act. It has been given, both by law and by NSC directive, wide authority and it has the open invitation to seek from the NSC any additional authority which may be essential. It must not wait to have authority thrust upon it. Its basic mandate is clear. We recognize that it will require initiative and vision to carry it out. If this is done, we will have made a satisfactory start toward achieving one of our most essential defense requirements, an adequate intelligence service.

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CHAPTER XII

THE INTELLIGENCE FUNCTIONS OF THE DEPARTMENT OF STATE

The State Department is assigned dominant interest in the collection and production of political, cultural, and sociological intelligence by the National Security Council. It necessarily follows from this allocation that the State Department is the agency to which CIA, and the Armed Service Departments should turn to secure the reports and estimates in these fields of intelligence which they may require.

Possibly we can best explain our ideas of the State Department's role by a concrete but hypothetical illustration. We shall assume for example that the Secretary of the Navy, to prepare himself to meet his responsibilities in connection with a visit of naval units in the western Mediterranean, desires a report on political conditions in Spain. To secure it, the Secretary of the Navy would turn to his Chief of Naval Intelligence. The latter in turn should seek the desired information from the State Department, either directly or through CIA. He should not try to get it from his own intelligence analysts, any more than he would expect the State Department to furnish from its own resources a report on the Spanish Navy. The reason is obvious. The State Department is the main repository of political information about Spain. It is also the final arbiter of our attitude with respect to Spain and for the Navy, our policy in

this situation is a fact, and a vital fact, to be taken into account.

If, to take another hypothetical case, the National Security Council felt the need for an overall estimate of the Spanish situation, -- an estimate that would include not only political information from the State Department but military and strategic elements as well, -- then, as indicated more fully in Chapter ___, a national estimate should be prepared in CIA for review and approval by the IAC. Here would be brought together the intelligence resources of State, of the military service, of CIA, and of any other agency peculiarly equipped to make a real contribution on the subject. The State Department representatives on IAC would, of course, share in the responsibility for the final estimate.

Because of the intelligence contribution which the State Department should be prepared to make to the NSC and to other government agencies, including CIA, the Department is called upon to assume an important role in the field of intelligence, even apart from its task of supplying the information required by its own policy officers. We have examined the intelligence functions of the State Department, and particularly the specialized intelligence organization of the Department, known as the Research and Intelligence staff, solely to determine how effectively the State Department is organized to meet these outside intelligence

requirements, particularly those of CIA.

The Research and Intelligence Staff

The Research and Intelligence Staff, as the State Department's specialized intelligence unit is called, is unique among the departmental intelligence agencies for at least two reasons. In the first place, it is an intelligence agency within an intelligence agency, since the collection and interpretation of all information bearing on our foreign relations is a primary objective of the Department as a whole and of its officers in the field. In the second place, the Research and Intelligence staff was not established by the Department in response to keenly felt internal needs. It was the result of the transfer to the Department in 1945, of the Research and Analysis and the Presentations Branches of OSS.

At the head of the Research and Intelligence staff is a Special Assistant to the Secretary. The staff is divided into three units: the Office of the Special Assistant, comprising several personal assistants and a rather substantial unit conducting research in special source material; an Office of Libraries and Intelligence-Acquisition (OLI), and an Office of Intelligence Research (OIR).

The research analysts are for the most part persons of academic background, and many of them are of high quality. In general, however, the calibre of personnel has declined since

1946, and recruitment of first-rate intelligence analysts and other specialists has become increasingly difficult as the future of the Research and Intelligence staff became more and more uncertain in recent months.

The functions of the Research and Intelligence staff, as officially defined, are to develop and implement a "comprehensive and coordinated intelligence program for the United States;" and to develop and implement a similar coordinated program for "positive foreign intelligence" for the Department, including procurement of information and the production of intelligence studies and spot intelligence. In addition, Research and Intelligence is authorized to initiate field instructions, and to determine which information flowing into the Department is required for the production of "timely intelligence".

This definition of functions and responsibilities does not indicate the particular kind of "program for positive foreign intelligence" which Research and Intelligence will perform. In particular, it does not clearly distinguish between factual studies and intelligence estimates, and it does not give the staff any unique authority or responsibility in collecting and reporting intelligence, such as the intelligence agencies of the armed service occupy in their respective departments. The charter is both broad and vague, and invites a variety of interpretations.

The Production of Intelligence by the Research and Intelligence Staff

The intelligence reports which Research and Intelligence prepares and circulates within the Department are of several different kinds. They include intelligence memoranda, which comprise a brief analysis of information on current subjects; information notes, which are factual reports involving little interpretation or estimating; OIR studies, which are exhaustive summaries of available information on subjects of considerable significance; periodical reports, which are confined to factual reporting on subjects of continuing interest; and situation reports, which comprise reviews of the political, economic and social situations on foreign countries or areas.

With the exception of situation and periodical reports, the OIR studies are prepared, at least in theory, at the request of policy or other officers of the department. Actually, many of them are written on OIR's own initiative. A majority are technically requested by other offices in the Department, but generally result from proposals which OIR has made and which have elicited an indication of interest which can serve as a "request". The several periodical reports of OIR were reviewed within the Department earlier this year, and reduced in number. The situation reports have ordinarily not been prepared in response to requests, but are now integrated with the NIS program in which Research and Intelligence is extensively participating.

The quality of the OIR reports varies greatly. The

main criticisms against them are that they tend to be academic, are unrelated to immediate policy problems, and are often too lengthy and detailed to influence busy policy officers. It has been observed that OIR often produces "Ph.D. Intelligence," scholastically admirable, but of somewhat limited use in the day-to-day formulation of policy.

The Policy Planning Staff and the political (geographical desks) and economic affairs offices of the Department are the principal recipients and users of such reports. As indicated earlier, these offices request a relatively limited number of reports on their own initiative, and for the most part do not consider them essential to their work.

The Status and Functions of the Research and Intelligence Staff in the State Department

It is open to question whether Research and Intelligence occupies a position in the State Department which permits it to play an effective and necessary role in the overall intelligence picture of the government. As we have stated, Research and Intelligence was, in effect, superimposed upon the existing organization of the department. There was no large body of opinion within the department or the foreign service which keenly supported the contributions which an intelligence staff could make to policy decisions. In fact there was substantial feeling that the functions importantly called "intelligence" were at least parallel to, if not inclusive of, many of those already performed by the

policy offices. For these reasons many members of the department were originally reluctant to make use of the physically separate intelligence staff.

This aloofness was confirmed by the failure to bring the intelligence organization into important policy councils. In view of the special nature of the Department's work where, throughout, intelligence and policy are closely jointed this is understandable. In any event, the effect was to establish the intelligence staff not as the sole source of intelligence analysis, but merely as one possible source which could be employed if the policy authorities so desired. The intelligence staff, in the opinion of many policy officers, did not seem to offer the Department any uniquely significant contributions which would justify its regular and intensive employment.

The precise function of Research and Intelligence in producing intelligence reports has never been adequately defined. It has not been made clear whether Research and Intelligence should limit its activities to preparing exclusively factual studies at the request of policy officers, or should produce intelligence estimates.

Whatever the theory of its functions, Research and Intelligence has moved increasingly during the past year in the direction of intelligence estimating. In this respect it has sought to assume a responsibility long accepted by the other

departmental intelligence agencies. But its very movement in this direction has brought it into conflict with the policy offices of its own Department who consider it their function to be the analysts of current problems as well as the formulators of policy.

Accordingly, Research and Intelligence enters the field of the policy offices when it presents estimates of its own, which appear to analyze the policy implications of a given problem. The conflict over this aspect of the Research and Intelligence role is most evident in regard to Intelligence Memoranda prepared by the organization on more or less current developments. Although such reports may represent a high degree of analytic skill, they are likely to be regarded by the policy officer as a useless repitition of information with which he is already familiar, or an unwarranted attempt to tell him what he should think about a problem under his consideration.

Perhaps the most telling evidence of the department's view toward the Research and Intelligence reports is the line which appears in the printed heading of each: "The conclusions expressed herein are based upon research and analysis by the Intelligence Organization, and do not necessarily represent the views of other offices of the Department of State."

If, in fact, Research and Intelligence does prepare estimates, there is the possibility that on certain matters two or more separate studies or estimates covering the same subject

may exist simultaneously in the Department. The Policy Planning Staff or the geographical desks, for example, are accustomed to draft their own estimates quite independently of Research and Intelligence. Yet Research and Intelligence, knowing that a particular matter is one of general concern to policy officials, may prepare an estimate of its own. So long as these remain in the State Department, no direct harm may result, although the duplication of effort and the existence of unreconciled points of view on the same subject may be undesirable. If, however, as may well occur, the separate estimates are used outside the Department in satisfying the needs of the NSC, the CIA, or the Services, the possibility of confusion is obvious.

The Contribution of the State Department to Intelligence Required by Outside Agencies

In the future, -- particularly if action is taken on our recommendations for the elimination of much of the miscellaneous political intelligence work now done outside of the State Department, -- the latter will be called upon more and more to make intelligence contributions to the Services and to CIA and to National Intelligence estimates. Then it will be doubly important that the responsibility for the State Department's contribution be more clearly fixed within the Department.

One possible solution might be to limit the Research and Intelligence staff to factual reporting and to place on the policy officers of the Department the responsibility for passing

upon any political intelligence estimates used outside of the Department. Alternatively these estimates might be prepared by Research and Intelligence and then passed upon by the appropriate policy officers of the Department before they go to CIA or to the other Government Departments. A third solution might be to allocate the personnel of Research and Intelligence among the policy offices (geographical desks) of the Department or attach them to the Policy Planning Staff and then place on the policy officers or Planning Staff the responsibility for State Department estimates for CIA or for other outside Government agencies.

The State Department should, of course, be protected from burdensome and unreasonable demands for political estimates from other agencies. If such call should create a problem, the IAC, on which the Department will be represented, should exercise its coordinating function to reduce the demands to manageable proportions.

Furthermore, the Department has a primary responsibility to exercise its intelligence functions for the purpose of formulating its own policies. It must adopt the methods and techniques which will best meet this primary responsibility, and how this is done is not within our competence. However, in working out its own internal procedure, it is important to the overall intelligence set-up and particularly to the proper functioning of CIA, with which our Report is immediately concerned, that the State Department should equip itself to meet the <u>legitimate</u> request for

political intelligence submitted by CIA or other Government intelligence agencies and to effect the closer liaison with CIA which we have recommended in our Report.

To meet these requirements we recommend that the State Department give consideration to assigning to some senior officer of the Department the functions of Intelligence Officer. Such officer should have the prestige, the authority, and the access to operational and policy matters which would equip him to guide the production and control the dissemination of State Department intelligence estimates. The Special Assistant for Research and Intelligence and this Staff do not today have such powers. Whether, in a given case, the intelligence estimates would emanate from the Policy Planning Staff, the political offices (geographical desks), or from a combination of the two, plus the R&I Staff, is a matter for internal State Department determination.

The appointment of an Intelligence Officer, with the powers and functions we have indicated, and with a small but highly trained staff, in our opinion, would result in a more efficient system whereby the Department could meet any legitimate needs of CIA and of other Government agencies for political intelligence. In this way the Department could also effect closer liaison with the CIA and the Service agencies. This Intelligence Officer would presumably serve as the Department's representative

on the reconstituted Intelligence Advisory Committee, described in Chapter ___. He could also act as the Department's principal liaison officer for other matters concerning CIA, including liaison with OPC as provided by the NSC and with other covert activities of CIA as suggested in this Report.

We recognize that in recommending that the political intelligence reports and estimates be passed upon by the policy officers of the Department, there is the risk, which we discussed above in the chapter on national estimates, that these reports will be colored, possibly even distorted, by the policy prejudices of those who prepare them. As between this danger and that of having the reports prepared by a group which is not thoroughly acquainted with the operational and policy decisions of the Department, we choose the former. We do so in the hope that if the IAC functions as we believe it should, an opportunity will be afforded to challenge departmental estimates and reports and to compare them with reports available to IAC from other sources. Hence there may be the chance of correcting estimates of any single department which have gone "overboard" for a particular policy line which from a broader view of available facts may be shown as unsound.

Conclusions

(1) The State Department, to which the NSC has assigned dominant interest in the collection and production of political, cultural and sociological intelligence, should equip itself to

meet the legitimate requirements of CIA and of other Government intelligence agencies for such intelligence.

(2) The specialized intelligence staff in the State Department, the Research and Intelligence Staff, does not now have sufficient current knowledge of departmental operations and policies to furnish, on behalf of the Department, the basic estimates which may be required by CIA and by the Service intelligence agencies.

(3) The liaison between the State Department and CIA should be closer and put on a continuing, effective basis.

(4) To meet the foregoing requirements, consideration should be given by the Department to designating a high officer of the Department, who has full access to operational and policy matters, to act as intelligence officer. This officer, with a small staff, should process requests for departmental intelligence received from CIA and other agencies and see that legitimate requests are met through the preparation of the requisite intelligence reports or estimates by the appropriate departmental officers. He should also act as continuing Intelligence liaison officer with CIA and the Service intelligence agencies.

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Approved For Release 2003/08/18 : CIA-RDP86B00269R000500050061-4